

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

C O N F I D E N T I A L STATE 251802

E.O. 11652:GDS

TAGS: BEXP, ETRD, NI

SUBJECT: NEED FOR INFORMATION ON SEC

REF: LAGOS 11197

1. AS EMBASSY AWARE, TRADITIONAL ROLE OF SEC IS STOCK MARKET WATCHDOG SAFEGUARDING INTERESTS OF SHAREHOLDERS. IT HAS NO MANDATE TO SUPERVISE CONDUCT OF PUBLICLY HELD CORPORATIONS OTHER THAN TO ENSURE DISCLOSURE OF FINANCIAL AND OTHER PERTINENT DATA ABOUT PUBLICLY OFFERED SECURITIES AND THE ISSUERS. UNDER SEC RULES SUCH INFORMATION MUST BE DISCLOSED ONLY IF FACTS WOULD BE MATERIAL TO DECISIONS BY PRUDENT INVESTORS. SEC DOES NOT TAKE POSITION ON LEGALITY/ILLEGALITY OF PAYMENTS BY U.S. FIRMS ABROAD BUT IS CONCERNED ONLY THAT SUCH PAYMENTS ARE REFLECTED IN CORPORATE ACCOUNTS AND DISCLOSED TO INVESTORS. (SEE USG MANUAL FOR GENERAL INFO.) DETAILED INFO ON TRADITIONAL AND CURRENT SEC ACTIVITIES WILL BE FOUND IN MATERIALS AIR POUCHED
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OCTOBER 7. (SEE PARA 3).

2. DEPARTMENT BELIEVES AMBASSADOR HAS EXCELLENT OPPORTUNITY TO PRESENT USG POSITION CONCERNING ILLICIT PAYMENTS ABROAD BY U.S. FIRMS. RECOMMEND HE TAKE

OPPORTUNITY TO CONDEMN CORRUPT PRACTICES, ENUNCIATE SUPPORT FOR U.S. AGENCIES INVESTIGATING CASES OF ALLEGED CORRUPT PRACTICES, AND OUTLINE MEASURES WE HAVE TAKEN, BOTH DOMESTICALLY AND IN INTERNATIONAL FORA, AGAINST SUCH PRACTICES. AMBASSADOR SHOULD EMPHASIZE INTERNATIONAL SCOPE OF PROBLEM AND ATTEMPT DEMONSTRATE ILLICIT PAYMENTS ISSUE IS LIKE TANGO-IT TAKES TWO.

3. AF/W AIR POUCHING FOLLOWING FOR USE BY AMBASSADOR IN PREPARING REMARKS:

A) STATUS REPORT- US INITIATIVE ON ILLICIT PAYMENTS.

B) ECOSOC RESOLUTION ON ILLICIT PAYMENTS.

C) OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES.

D) H.R. 15149- HOUSE VERSION OF ADMINISTRATION BILL (TO REQUIRE DISCLOSURE OF PAYMENTS TO FOREIGN OFFICIALS).

E) UNDER SECRETARY OF STATE'S TESTIMONY BEFORE SENATE BANKING COMMITTEE.

F) INGERSOLL STATEMENT TO JOINT ECONOMIC COMMITTEE.

G) KISSINGER/SIMON/RICHARDSON LETTER OF AUG. 19, 1976 TO CORPORATE EXECUTIVES.

H) QUOTE AN UNSCANDALIZED VIEW OF THOSE BRIBES ABROAD UNQUOTE - FORTUNE, JUNE 1976.

I) QUOTE THE BRIBE BUSTERS UNQUOTE - NEW YORK TIMES MAGAZINE SEPT. 26, 1976.

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J) SENATE COMMITTEE REPORT OF THE SEC ON QUESTIONABLE AND ILLEGAL CORPORATE PAYMENTS AND PRACTICES.

4. FYI SEC HAS NEVER PUBLISHED NAMES OF FOREIGN NATIONALS INVOLVED IN SO-CALLED QUESTIONABLE PAYMENTS CASES. IN APPROXIMATELY 20 CASES, NAMES OF SOME FOREIGN NATIONALS HAVE BEEN INCLUDED IN REPORTS MADE PUBLIC BY THE COMPANIES AFTER RECEIVING COURT ORDER TO CONDUCT SELF

INVESTIGATION AND DISCLOSE THE RESULTS. DOCUMENTS IN POSSESSION OF SEC ARE CLOSELY PROTECTED AND RELEASED ONLY TO LAW-ENFORCEMENT AGENCIES. THEY ARE SHARED WITH FOREIGN GOVERNMENTS ONLY IN ACCORDANCE WITH A BILATERAL AGREEMENT, E.G. THE AGREEMENT WITH NIGERIA IN THE CASE OF LOCKHEED.

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5. IN SO FAR AS NIGERIA CONCERNED, THE LOCKHEED CASE BEGAN WHEN BRIEF ARTICLES IN NEW YORK TIMES (STATE 035433) AND NEWSWEEK (LAGOS 2461) ALLEGED THAT SENATOR CHURCH'S SUB-COMMITTEE ON MULTINATIONAL CORPORATIONS (NOT THE SEC) POSSESSED INFORMATION PERTAINING TO NIGERIA. TO DEPARTMENT'S KNOWLEDGE, NO RPT NO NIGERIAN HAS EVER BEEN PUBLICLY NAMED, EVEN IN THE PRESS SPECULATION, IN THE LOCKHEED CASE. AS EMBASSY AWARE (SEE 75 STATE 153507, LAGOS 7023, STATE 176503), ASHLAND OIL DID NAME ONE NIGERIAN IN CONFIDENTIAL INFORMATION SUBMITTED SEC, BUT, TO DEPARTMENT'S KNOWLEDGE, HIS NAME HAS NEVER BEEN PUBLISHED. DEPARTMENT NOT AWARE THAT ANY OTHER SEC

OR SUBCOMMITTEE CASES OTHER THAN LOCKHEED AND ASHLAND HAVE CAUSED NIGERIA TO BE MENTIONED IN PRESS. END FYI. ROBINSON

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